

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /089 W

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R 230915Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7906

INFO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, RP, JA

SUBJECT: MARCOS SAYS RP/JAPAN TREATY CONTAINED POINTS OF IRRITATION

REF: MANILA 9941 AND 10208

1. SUMMARY. PRESIDENT MARCOS STRESSED IN A PRESS CONFERENCE THAT THE GOP WANT TO RENEGOTIATE -- NOT CANCEL -- THE PHILIPPINE/JAPANESE ECONOMIC TREATY SINCE IT CONTAINS SOME POINTS OF IRRITATION. SECRETARY VIRATA EXPLAINED THE POINTS OF IRRITATION TO THE PRESS, BUT HIS EXPLANATION REMAINS UNCONVINCING. IN THE MEANTIME, THE JAPANESE BUSINESS COMMUNITY SEEMS TO BE TAKING THE NEWS CALMY AND DOES NOT EXPECT ANY GREAT IMPACT ON RELATIONS EXCEPT FOR THE PSYCHOLOGICAL EFFECT ON INVESTORS.

2. AT SAME PRESS CONFERENCE WITH FOREIGN JOURNALISTS ON JULY 20 DURING WHICH HE DISCUSSED NATIONAL ASSEMBLY AND OTHER SUBJECTS, PRESIDENT MARCOS WAS ASKED ABOUT THE TERMINATION OF THE PHILIPPINE/JAPANESE TREATY OF AMITY, COMMERCE AND NAVIGATION. THE PRESIDENT SAID: QUOTE. ACTUALLY, TO RENEGOTIATE -- NOT TO CANCEL -- BUT RENEGOTIATE THE

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AGREEMENTS AND TO LOOK INTO SOME POINTS THAT HAVE --

MAY HAVE -- BECOME POINTS OF IRRITATION BETWEEN THE TWO COUNTRIES. THOSE POINTS WILL HAVE TO BE BROUGHT UP IN THE NEGOTIATIONS. I AM CERTAIN THE JAPANESE GOVERNMENT HAS BEEN NOTIFIED OF SOME OF THEM, BUT IT WILL TAKE A FORMAL NEGOTIATIONS BETWEEN THE TWO COUNTRIES -- GOVERNMENTS -- TO REALLY LOOK INTO ALL THE DETAILS. THE DIFFICULTY ABOUT RELEASING POINTS OF NEGOTIATIONS IS FIRST TO UNDERCUT YOUR NEGOTIATING PANEL; SECONDLY YOU STAND THE AWKWARD POSSIBILITY THAT THE WHOLE THING MAY BE CONFUSED BY EITHER GOVERNMENT. SO I WOULD RATHER WE LEAVE IT TO THE TWO PANELS TO WORK OUT THE POINTS THAT HAVE TO BE RENEGOTIATED BETWEEN THE TWO GOVERNMENTS. BUT I ASSURE YOU THAT BOTH GOVERNMENTS ARE AWARE, POSSIBLY NOW, OF CERTAIN POINTS THAT NEED CLARIFICATION. END QUOTE.

2. SUBSEQUENTLY SECRETARY OF FINANCE CESAR VIRATA BRIEFED THE NEWSMEN ON POSSIBLE OR ACTUAL IRRITANTS, WHICH THE BULLETIN TODAY REPORTED WITH THE LEAD THAT THE TREATY "HAS BECOME A MAJOR SOURCE OF IRRITANTS BETWEEN THE TWO COUNTRIES." ACCORDING TO THE BULLETIN ACCOUNT, VIRATA SAID THAT THE TREATY IS LOPSIDED IN FAVOR OF JAPAN AND MUST NOT BE ALLOWED TO CONTINUE AS IS SINCE IT WOULD ONLY SPOIL PHILIPPINE RELATIONS WITH JAPAN AND PUT THE GOP IN A WEAK BARGAINING POSITION WITH OTHER COUNTRIES. THE SOVIET UNION, FOR EXAMPLE, MIGHT ASK FOR THE SAME TREATMENT GIVEN THE JAPANESE IN ACCORDANCE WITH THE MOST-FAVORED-NATION PRINCIPLE.

3. VIRATA ALSO SAID THAT THE RENEGOTIATIONS SHOULD TAKE INTO ACCOUNT RECENT EVENTS, SUCH AS THE ASEAN DESIRE TO LIMIT PRODUCTION OF SYNTHETIC RUBBER WHICH COMPETES WITH NATURAL RUBBER, AND THE PHILIPPINE DESIRE CLEARLY TO DEFINE GOP TERRITORIAL WATERS. THE BULLETIN ACCOUNT THEN GRATUITOUSLY REFERRED TO "THE NUMEROUS JAPANESE FISHERMEN WHO HAVE BEEN CAUGHT FISHING IN PHILIPPINE WATERS."

4. JAPANESE EMBASSY STATES THAT THERE ARE ELEMENTS OF INCONSISTENCY IN THE GOP POSITION. ALTHOUGH THE FOR-

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MAL FIRST PERSON NOTE CONVEYED THE GOP NOTICE TO TERMINATE THE TREATY, PRESIDENT MARCOS STRESSED THE "RENEGOTIATIONS" ANGLE, A POINT WHICH VIRATA AMPLIFIED TO THE JOURNALISTS AS INVOLVING "CHANGING ONLY SEVERAL PROVISIONS OF THE TREATY". VIRATA'S STATEMENT IN TURN IS A CONTRADICTION TO THE DIPLOMATIC NOTE WHICH SPEAKS OF "NEW INSTRUMENTS" TO REPLACE AN ALL-ENCOMPASSING TREATY. THE JAPANESE DO NOT BELIEVE THAT THE FILIPINOS

REALLY KNOW WHAT THEY WANT.

5. ON THE OTHER HAND, THE GOJ EMBASSY HAS NOT YET ACKNOWLEDGED RECEIPT OF THE GOP NOTE, AND OFFICIALLY GOJ IS NOT IN A POSITION TO BEGIN ANY NEGOTIATIONS WITH THE PHILIPPINES. INDEED, GOJ EMBASSY IS WITHOUT INSTRUCTIONS AND THERE IS SOME DOUBT WHETHER AMBASSADOR SAWAKI WILL BRING SUCH INSTRUCTIONS WITH HIM UPON HIS RETURN FROM TOLYO NEXT WEEK.

6. AS FAR AS THE REACTION OF THE JAPANESE BUSINESS COMMUNITY IS CONCERNED, ONLY A FEW BUSINESSMEN HAVE CALLED THE JAPANESE EMBASSY AND THE TENOR OF THEIR COMMENT RELATES TO THE PSYCHOLOGICAL IMPACT OF THE TREATY'S TERMINATION ON INVESTORS. OTHERWISE, THE JAPANESE BUSINESSMEN SEE NO GREAT IMPACT AND SEEM TO BE BAKING THE NEWS CALMLY. ALSO, ACCORDING TO THE JAPANESE EMBOFF, THERE HAS BEEN NO PRESS PLAY IN JAPAN OUTSIDE OF THE INITIAL FOREIGN MILISTRY RELEASE.

7. COMMENT. IT IS OUR IMPRESSION THAT THE GOJ EMBASSY IS TAKING A MORE RELAXED POSTURE FOLLOWING ITS INITIAL IRRITATION WITH THE MANNER OF THE GOP TERMINATION OF THE TREATY. PRESIDENT MARCOS' EXPLANATION AND THE LACK OF PRESS PLAY HAVE ALSO CONTRIBUTED TO A MORE SOOTHING ATMOSPHERE. ON THE OTHER HAND, WHAT THE GOP WANTS OR WHY IT TERMINATED THE TREATY STILL REMAINS UNCLEAR. SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, AMITY, NEGOTIATIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA10889
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760284-0351
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760729/aaaaayox.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MANILA 9941
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2004 by ElyME>; APPROVED <22 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARCOS SAYS RP/JAPAN TREATY CONTAINED POINTS OF IRRITATION
TAGS: ETRD, PFOR, RP, JA, (MARCOS, FERDINAND)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006